

House Study Bill 156 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

A BILL FOR

1 An Act relating to state taxation and related laws of the state
2 including the collection of tax, tax credits, the assessment
3 and classification of property, taxes on electricity
4 providers, fees for registration of vehicles, sales and
5 use tax, and the authority of the director of revenue,
6 and providing penalties, and including effective date and
7 retroactive applicability provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I

2 TAX CREDITS FOR CERTAIN SALES TAXES PAID BY THIRD-PARTY
3 DEVELOPERS

4 Section 1. Section 15.331C, Code 2021, is amended to read
5 as follows:

6 ~~15.331C Corporate tax credit for certain sales taxes paid by~~
7 ~~third-party developer~~ Third-party developer tax credit.

8 1. An eligible business may claim a ~~corporate~~ tax credit
9 in an amount equal to the sales and use taxes paid by a
10 third-party developer under [chapter 423](#) for gas, electricity,
11 water, or sewer utility services, goods, wares, or merchandise,
12 or on services rendered, furnished, or performed to or for a
13 contractor or subcontractor and used in the fulfillment of a
14 written contract relating to the construction or equipping of
15 a facility of the eligible business. Taxes attributable to
16 intangible property and furniture and furnishings shall not
17 be included, but taxes attributable to racks, shelving, and
18 conveyor equipment to be used in a warehouse or distribution
19 center shall be included. Any credit in excess of the tax
20 liability for the tax year may be credited to the tax liability
21 for the following seven years or until depleted, whichever
22 occurs earlier. An eligible business may elect to receive a
23 refund of all or a portion of an unused tax credit.

24 2. A third-party developer shall state under oath, on
25 forms provided by the department of revenue, the amount of
26 taxes paid as described in [subsection 1](#) and shall submit such
27 forms to the department of revenue. The taxes paid shall be
28 itemized to allow identification of the taxes attributable
29 to racks, shelving, and conveyor equipment to be used in a
30 warehouse or distribution center. After receiving the form
31 from the third-party developer, the department of revenue shall
32 issue a tax credit certificate to the eligible business equal
33 to the sales and use taxes paid by a third-party developer
34 under [chapter 423](#) for gas, electricity, water, or sewer
35 utility services, goods, wares, or merchandise, or on services

1 rendered, furnished, or performed to or for a contractor or
2 subcontractor and used in the fulfillment of a written contract
3 relating to the construction or equipping of a facility.
4 The department of revenue shall also issue a tax credit
5 certificate to the eligible business equal to the taxes paid
6 and attributable to racks, shelving, and conveyor equipment to
7 be used in a warehouse or distribution center. The aggregate
8 combined total amount of tax refunds under [section 15.331A](#) for
9 taxes attributable to racks, shelving, and conveyor equipment
10 to be used in a warehouse or distribution center and of tax
11 credit certificates issued by the department of revenue for the
12 taxes paid and attributable to racks, shelving, and conveyor
13 equipment to be used in a warehouse or distribution center
14 shall not exceed five hundred thousand dollars in a fiscal
15 year. If an applicant for a tax credit certificate does not
16 receive a certificate for the taxes paid and attributable
17 to racks, shelving, and conveyor equipment to be used in a
18 warehouse or distribution center, the application shall be
19 considered in succeeding fiscal years. The eligible business
20 shall not claim a tax credit under [this section](#) unless a tax
21 credit certificate issued by the department of revenue is
22 included with the taxpayer's tax return for the tax year for
23 which the tax credit is claimed. A tax credit certificate
24 shall contain the eligible business's name, address, tax
25 identification number, the amount of the tax credit, and other
26 information deemed necessary by the department of revenue.

27 3. An individual may claim a tax credit under this section
28 of a partnership, limited liability company, S corporation,
29 estate, or trust electing to have income taxed directly to
30 the individual. The amount claimed by the individual shall
31 be based upon the pro rata share of the individual's earnings
32 from the partnership, limited liability company, S corporation,
33 estate, or trust.

34 Sec. 2. Section 15.335A, subsection 2, paragraph d, Code
35 2021, is amended to read as follows:

1 *d. "Sales tax refund"* means the sales and use tax refund as
2 provided under [section 15.331A](#) or the ~~corporate tax credit for~~
3 ~~certain sales taxes paid by~~ third-party developers developer
4 tax credit as provided under [section 15.331C](#).

5 Sec. 3. NEW SECTION. **422.11T Third-party developer tax**
6 **credit.**

7 The taxes imposed under this subchapter, less the credits
8 allowed under section 422.12, shall be reduced by the
9 third-party developer tax credit authorized pursuant to
10 section 15.331C for certain sales taxes paid by a third-party
11 developer.

12 Sec. 4. Section 422.33, subsection 19, Code 2021, is amended
13 to read as follows:

14 19. The taxes imposed under [this subchapter](#) shall be reduced
15 by a ~~corporate~~ third-party developer tax credit authorized
16 pursuant to [section 15.331C](#) for certain sales taxes paid by a
17 third-party developer.

18 Sec. 5. Section 422.60, subsection 8, Code 2021, is amended
19 to read as follows:

20 8. The taxes imposed under [this subchapter](#) shall be reduced
21 by a ~~corporate~~ third-party developer tax credit authorized
22 pursuant to [section 15.331C](#) for certain sales taxes paid by a
23 third-party developer.

24 Sec. 6. **EFFECTIVE DATE.** This division of this Act, being
25 deemed of immediate importance, takes effect upon enactment.

26 Sec. 7. **RETROACTIVE APPLICABILITY.** This division of this
27 Act applies retroactively to January 1, 2020, for tax years
28 beginning on or after that date.

29 DIVISION II

30 GEOTHERMAL HEAT PUMP INSTALLATION TAX CREDIT

31 Sec. 8. Section 422.12N, subsection 3, Code 2021, is amended
32 to read as follows:

33 3. *a.* A taxpayer must submit an application with the
34 department for each geothermal heat pump installation. The
35 application must be approved by the department prior to

1 claiming the credit, and the application must be filed by May 1
2 following the year of installation of the geothermal heat pump.

3 b. The department shall accept and approve applications
4 on a first-come, first-served basis until the maximum amount
5 of tax credits that may be claimed pursuant to [subsection 4](#)
6 is reached. If for a tax year the aggregate amount of tax
7 credits applied for exceeds the amount specified in subsection
8 4, the department shall establish a wait list for tax credits.
9 Valid applications filed by the taxpayer by May 1 following the
10 year of the installation but not approved by the department
11 shall be placed on a wait list in the order the applications
12 were received and those applicants shall be given priority
13 for having their applications approved in succeeding years.
14 Placement on a wait list pursuant to [this subsection](#) shall not
15 constitute a promise binding the state. The availability of a
16 tax credit and approval of a tax credit application pursuant
17 to [this section](#) in a future year is contingent upon the
18 availability of tax credits in that particular year.

19 Sec. 9. LEGISLATIVE INTENT. It is the intent of the general
20 assembly that the section of this division amending section
21 422.12N is a conforming amendment consistent with current state
22 law, and the amendment does not change the application of the
23 current law but instead reflects current law both before and
24 after enactment of this division of this Act.

25 Sec. 10. EFFECTIVE DATE. This division of this Act, being
26 deemed of immediate importance, takes effect upon enactment.

27 Sec. 11. RETROACTIVE APPLICABILITY. This division of this
28 Act applies retroactively to January 1, 2019, for tax years
29 beginning on or after that date.

30 DIVISION III

31 TAXES ON ELECTRICITY PROVIDERS

32 Sec. 12. Section 437A.3, subsection 18, paragraph a,
33 subparagraph (2), Code 2021, is amended to read as follows:

34 (2) (a) An electric power generating plant, except a solar
35 energy conversion facility, where the acquisition cost of all

1 interests acquired exceeds ten million dollars.

2 (b) A solar energy conversion facility where the
3 acquisition cost of all interests exceeds one million dollars.

4 (c) For purposes of this subparagraph, ~~"electric power~~
5 ~~generating plant"~~:

6 (i) "Electric power generating plant" means each nameplate
7 rated electric power generating plant owned solely or jointly
8 by any person or electric power facility financed under the
9 provisions of chapter 28F or 476A in which electrical energy is
10 produced from other forms of energy, including all equipment
11 used in the production of such energy through its step-up
12 transformer.

13 (ii) "Solar energy conversion facility" means the same as
14 defined in section 476C.1.

15 DIVISION IV

16 FEE FOR NEW REGISTRATION — VEHICLES

17 Sec. 13. Section 321.105A, subsection 2, paragraph a, Code
18 2021, is amended to read as follows:

19 a. For purposes of this subsection, "purchase price"
20 applies to the measure subject to the fee for new registration.
21 "Purchase price" shall be determined in the same manner as
22 "sales price" is determined for purposes of computing the tax
23 imposed upon the sales price of tangible personal property
24 under chapter 423, pursuant to the definition of sales price
25 in section 423.1, ~~subject to the following exemptions.~~ The
26 following are exempt from the fee for new registration imposed
27 by this subsection:

28 (1) ~~Exempted from the purchase price of any vehicle subject~~
29 ~~to registration is the~~ The amount of any cash rebate which is
30 provided by a motor vehicle manufacturer to the purchaser of
31 the vehicle subject to registration so long as the rebate is
32 applied to the purchase price of the vehicle.

33 (2) (a) In transactions, except those subject to
34 subparagraph division (b), in which a vehicle subject to
35 registration is traded toward the purchase price of another

1 vehicle subject to registration, the ~~purchase price is only~~
2 ~~that~~ portion of the purchase price which is not valued in
3 money, whether received in money or not, if the following
4 conditions are met:

5 (i) The vehicle traded to the retailer is the type of
6 vehicle normally sold in the regular course of the retailer's
7 business.

8 (ii) The vehicle traded to the retailer is intended by the
9 retailer to be ultimately sold at retail or is intended to be
10 used by the retailer or another in the remanufacturing of a
11 like vehicle.

12 (b) In a transaction between persons, neither of which is
13 a retailer of vehicles subject to registration, in which a
14 vehicle subject to registration is traded toward the purchase
15 price of another vehicle subject to registration, the amount
16 of the trade-in value allowed on the vehicle subject to
17 registration ~~traded is exempted from the purchase price.~~

18 (c) ~~In order for the trade-in value to be excluded from~~
19 ~~the purchase price, the name or names~~ The person listed on the
20 title and registration of the newly acquired vehicle ~~being~~
21 ~~purchased~~ must be the same ~~name or names~~ person listed on the
22 title and registration of the traded vehicle being traded in
23 order to exclude the trade-in value from the purchase price.
24 ~~The~~ Additionally, the following trades qualify under this
25 subparagraph division (c):

26 (i) A trade ~~involving~~ between spouses, if the traded vehicle
27 and the acquired vehicle are titled in the name of one or both
28 of the spouses, with no outside party named on the title.

29 (ii) A trade ~~involving a grandparent, parent, or child~~
30 between lineal family members, including adopted and step
31 relationships, if ~~the name of~~ one of the family members from
32 the title of the traded vehicle is also on the title of the
33 newly acquired vehicle.

34 (iii) A trade involving ~~a business~~ an entity, if one of the
35 owners listed on the title of the traded vehicle is ~~a business,~~

1 ~~and~~ an entity. If multiple names are on the names on the title
2 are must be separated by "or". For purposes of trades under
3 this subparagraph subdivision, a sole proprietorship shall not
4 be distinguished from an individual owner.

5 (iv) A trade in which the vehicle being purchased is titled
6 in the name of an individual other than the owner of the traded
7 vehicle due to the cosigning requirements of a financial
8 institution.

9 (3) ~~Exempted from the purchase price~~ The fair market
10 value of a replacement motor vehicle owned by a motor vehicle
11 dealer licensed under chapter 322 which is being registered
12 by that dealer and is not otherwise exempt from the fee for
13 new registration, ~~is the fair market value of a replaced motor~~
14 ~~vehicle~~ if all of the following conditions are met:

15 (a) The motor vehicle being registered is being placed in
16 service as a replacement motor vehicle for a motor vehicle
17 registered by the motor vehicle dealer.

18 (b) The motor vehicle being registered is taken from the
19 motor vehicle dealer's inventory.

20 (c) Use tax or the fee for new registration on the motor
21 vehicle being replaced was paid by the motor vehicle dealer
22 when that motor vehicle was registered.

23 (d) The replaced motor vehicle is returned to the motor
24 vehicle dealer's inventory for sale.

25 (e) The application for registration and title of the motor
26 vehicle being registered is filed with the county treasurer
27 within two weeks of the date the replaced motor vehicle is
28 returned to the motor vehicle dealer's inventory.

29 (f) The motor vehicle being registered is placed in the same
30 or substantially similar service as the replaced motor vehicle.

31 Sec. 14. Section 321.105A, subsection 2, paragraph c,
32 subparagraph (1), Code 2021, is amended to read as follows:

33 (1) Entities listed in section 423.3, subsections 17, 18,
34 19, 20, 21, 22, 26, 27, 28, 31, and 79, to the extent that
35 those entities are exempt from the tax imposed on the sale of

1 tangible personal property, ~~consisting of goods, wares, or~~
2 ~~merchandise,~~ sold at retail in the state to consumers or users.

3 Sec. 15. Section 321.105A, subsection 2, paragraph c,
4 subparagraph (3), subparagraph divisions (a) and (c), Code
5 2021, are amended to read as follows:

6 (a) Vehicles subject to registration which are transferred
7 ~~from a business or individual conducting a business within~~
8 ~~this state as a sole proprietorship, partnership, or limited~~
9 ~~liability company to a corporation formed by the sole~~
10 ~~proprietorship, partnership, or limited liability company for~~
11 ~~the purpose of continuing the business when all of the stock~~
12 ~~of the corporation so formed is owned by the sole proprietor~~
13 ~~and the sole proprietor's spouse, by all the partners in the~~
14 ~~case of a partnership, or by all the members in the case of a~~
15 ~~limited liability company. This exemption is equally available~~
16 ~~where the vehicles subject to registration are transferred from~~
17 ~~a corporation to a sole proprietorship, partnership, or limited~~
18 ~~liability company formed by that corporation for the purpose of~~
19 ~~continuing the business when all of the incidents of ownership~~
20 ~~are owned by the same person or persons who were stockholders~~
21 ~~of the corporation. an entity doing business within this state~~
22 ~~to another entity doing business within this state if all of~~
23 ~~the following apply:~~

24 (i) The receiving entity was formed by the transferring
25 entity for the purpose of continuing the business.

26 (ii) (A) All ownership remains the same and in the
27 same proportions as the previous ownership with no fewer or
28 additional owners or replacement owners.

29 (B) In the case of a sole proprietorship, the spouse of the
30 sole proprietor may stand in place of the sole proprietor.

31 ~~(c) This exemption applies to corporations that~~ For an
32 exemption under this subparagraph, a receiving entity shall
33 have been in existence for not longer than twenty-four months.

34 Sec. 16. Section 321.105A, subsection 2, paragraph c,
35 subparagraphs (7), (8), (15), (18), and (19), Code 2021, are

1 amended to read as follows:

2 (7) Vehicles subject to registration in this state for
3 which the applicant for registration has paid to another state
4 a state sales, use, or occupational tax, or paid the equivalent
5 sales or excise tax of another country to that country.

6 However, if the tax paid to another state or country is less
7 than the fee for new registration calculated for the vehicle,
8 the difference shall be the amount to be collected as the fee
9 for new registration.

10 (8) A vehicle subject to registration in this state which is
11 owned by a person who has moved from another state or country
12 with the intention of changing residency to Iowa, provided that
13 the vehicle was purchased for use in the state or country from
14 which the applicant moved and was not, at or near the time of
15 purchase, purchased for use in Iowa.

16 (15) Vehicles purchased by a ~~licensed~~ wholesaler of new
17 motor vehicles licensed under section 322.27A for resale by the
18 same wholesaler.

19 (18) A vehicle delivered to a resident Native American
20 Indian on ~~the~~ a reservation.

21 (19) A vehicle transferred from one individual to another
22 individual as a gift in a transaction in which no consideration
23 is present.

24 Sec. 17. Section 321.105A, subsection 2, paragraph c,
25 subparagraph 25, unnumbered paragraph 1, Code 2021, is amended
26 to read as follows:

27 Vehicles subject to registration under ~~this chapter~~ with
28 ~~a gross vehicle weight rating of less than sixteen thousand~~
29 ~~pounds~~ when purchased for lease and titled by the lessor
30 licensed pursuant to ~~chapter 321F~~ and actually leased for a
31 period of ~~twelve~~ six months or more if the lease of the vehicle
32 is subject to the fee for new registration under subsection
33 3 or exempt from the fee for new registration pursuant to
34 subsection 3, paragraph "f".

35 Sec. 18. Section 321.105A, subsection 3, paragraphs a and e,

1 Code 2021, are amended to read as follows:

2 a. A fee for new registration is imposed in an amount equal
3 to five percent of the leased price for each vehicle subject to
4 registration ~~with a gross vehicle weight rating of less than~~
5 ~~sixteen thousand pounds~~ which is leased by a lessor licensed
6 pursuant to [chapter 321F](#) for a period of ~~twelve~~ six months
7 or more. The fee for new registration shall be paid by the
8 owner of the vehicle to the county treasurer from whom the
9 registration receipt or certificate of title is obtained. A
10 registration receipt for a vehicle subject to registration or
11 issuance of a certificate of title shall not be issued until
12 the fee for new registration is paid in the initial instance.

13 e. If the lease is terminated or voided prior to the
14 termination date contained in the lease agreement, no refund
15 shall be allowed for a fee for new registration previously paid
16 under [this section](#), except as provided in [section 322G.4](#).

17 Sec. 19. Section 321.105A, subsection 7, Code 2021, is
18 amended to read as follows:

19 7. ~~Penalty for false statement or evasion of fee~~ Penalties.

20 a. False statement. A person who willfully makes a false
21 statement in regard to the purchase price of a vehicle subject
22 to a fee for new registration or willfully attempts in any
23 manner to evade payment of the fee required by [this section](#)
24 is guilty of a fraudulent practice. A person who willfully
25 makes a false statement in regard to the purchase price of
26 such a vehicle with the intent to evade payment of the fee for
27 new registration or willfully attempts in any manner to evade
28 payment of the fee required by [this section](#) shall be assessed
29 a penalty of seventy-five percent of the amount of the fee
30 unpaid and required to be paid on the actual purchase price
31 less trade-in allowance.

32 b. Evasion fee. An Iowa resident found to be in control
33 of a vehicle which is owned by a shell business and for which
34 the fee for new registration has not been paid, as provided
35 in [section 321.55, subsection 2](#), is guilty of a fraudulent

1 practice. An Iowa resident found to be in control of a vehicle
 2 which is owned by a shell business and for which the fee for new
 3 registration has not been paid, as provided in section 321.55,
 4 subsection 2, shall be assessed a penalty of seventy-five
 5 percent of the amount of the fee unpaid and required to be paid
 6 on the actual purchase price less trade-in allowance.

7 c. Failure to file. If a person required by this chapter to
 8 file an application for certificate of title or registration
 9 with the county treasurer fails to file such application or
 10 registration on or before the due date for such application or
 11 registration, a penalty in the amount of ten percent of the fee
 12 for new registration due shall be added to the fee.

13 d. Underpayment. If a person required by this chapter to
 14 file an application for certificate of title or registration
 15 with the county treasurer files such application or
 16 registration with any inaccurate information that results in
 17 the person paying less than the full amount of the fee for new
 18 registration, penalties, or interest that was due at the time
 19 of application, a penalty in the amount of five percent of the
 20 fee for new registration due shall be added to the fee.

21 DIVISION V

22 PENALTIES — IMPUTED IOWA LIABILITY

23 Sec. 20. Section 421.27, subsection 9, paragraph a, Code
 24 2021, is amended to read as follows:

25 a. "Imputed Iowa liability" means any of the following:

26 (1) In the case of corporations other than corporations
 27 described in [section 422.34](#) or [section 422.36, subsection 5](#),
 28 the corporation's Iowa net income after the application of the
 29 Iowa business activity ratio, if applicable, multiplied by the
 30 top income tax rate imposed under [section 422.33](#) for the tax
 31 year, less any Iowa tax credits available to the corporation.

32 (2) In the case of financial institutions as defined in
 33 section 422.61, the financial institution's Iowa net income
 34 after the application of the Iowa business activity ratio, if
 35 applicable, multiplied by the franchise tax rate imposed under

1 section 422.63 for the tax year, less any Iowa tax credits
2 available to the financial institution.

3 (3) In this case of all other entities, including
4 corporations described in section 422.36, subsection 5, and all
5 other entities required to file an information return under
6 section 422.15, subsection 2, the entity's Iowa net income
7 after the application of the Iowa business activity ratio, if
8 applicable, multiplied by the top income tax rate imposed under
9 section 422.5A for the tax year, less any Iowa tax credits
10 available to the entity.

11 DIVISION VI

12 PARTNERSHIP AND PASS-THROUGH ENTITY AUDITS AND REPORTING

13 Sec. 21. Section 422.7, subsection 59, Code 2021, is amended
14 to read as follows:

15 59. Any income adjustment subtracted from federal taxable
16 income for an adjustment year pursuant to section 6225 of the
17 Internal Revenue Code and the regulations thereunder shall be
18 added back in computing net income of the partnership and the
19 partners for state tax purposes for the adjustment year.

20 Sec. 22. Section 422.25A, subsection 1, paragraph k,
21 subparagraph (1), Code 2021, is amended to read as follows:

22 (1) In the case of a federal partnership adjustment that
23 arises from a partnership level audit, the first day on which
24 no federal adjustments arising from that audit remain to
25 be finally determined, whether by internal revenue service
26 decision with respect to which all rights of appeal have
27 been waived or exhausted, by agreement, or, if appealed or
28 contested, by a final decision with respect to which all rights
29 of appeal have been waived or exhausted. For agreements
30 required to be signed by the internal revenue service and the
31 audited partnership, the final determination date is the date
32 on which the last party signed the agreement.

33 Sec. 23. Section 422.25A, subsection 4, Code 2021, is
34 amended to read as follows:

35 4. *Reporting and payment requirements for audited*

1 *partnerships and their partners subject to final federal*
2 *partnership adjustments.*

3 *a.* Unless an audited partnership makes the election in
4 subsection 5, ~~the audited~~ a partnership shall do all of the
5 following for all final federal partnership adjustments no
6 later than ninety days after the final determination date of
7 ~~the audited partnership~~:

8 (1) File a completed federal adjustments report.

9 (2) Notify each direct partner of such partner's
10 distributive share of the adjustments in the manner and form
11 prescribed by the department by rule.

12 (3) File an amended composite return under [section 422.13](#)
13 if one was originally filed, and if applicable for withholding
14 from partners, file an amended withholding report under
15 section 422.16, and pay the additional amount under [this title](#)
16 that would have been due had the final federal partnership
17 adjustments been reported properly as required, including any
18 applicable interest and penalties.

19 *b.* Unless an audited partnership paid an amount on behalf
20 of the direct partners of the ~~audited~~ partnership pursuant to
21 subsection 5, all direct partners of the audited partnership
22 shall do all of the following no later than one hundred
23 eighty days after the final determination date of ~~the audited~~
24 ~~partnership~~:

25 (1) File a completed federal adjustments report reporting
26 the direct partner's distributive share of the adjustments
27 required to be reported to such partners under paragraph "a".

28 (2) If the direct partner is a tiered partner, notify all
29 partners that hold an interest directly in the tiered partner
30 of such partner's distributive share of the adjustments in the
31 manner and form prescribed by the department by rule.

32 (3) If the direct partner is a tiered partner and subject to
33 section 422.13, file an amended composite return under section
34 422.13 if such return was originally filed, and if applicable
35 for withholding from partners file an amended withholding

1 report under [section 422.16](#) if one was originally required to
2 be filed.

3 (4) Pay any additional amount under [this title](#) that would
4 have been due had the final federal partnership adjustments
5 been reported properly as required, including any applicable
6 penalty and interest.

7 c. Unless a partnership or tiered partner paid an amount on
8 behalf of the partners pursuant to [subsection 5](#), each indirect
9 partner shall do all of the following:

10 (1) Within ninety days after the time for filing and
11 furnishing statements to tiered partners and their partners
12 as established by section 6226 of the Internal Revenue Code
13 and the regulations thereunder, file a completed federal
14 adjustments report.

15 (2) If the indirect partner is a tiered partner, within
16 ninety days after the time for filing and furnishing statements
17 to tiered partners and their partners as established by
18 section 6226 of the Internal Revenue Code and the regulations
19 thereunder but within sufficient time for all indirect partners
20 to also complete the requirements of [this subsection](#), notify
21 all of the partners that hold an interest directly in the
22 tiered partner of such partner's distributive share of the
23 adjustments in the manner and form prescribed by the department
24 by rule.

25 (3) Within ninety days after the time for filing and
26 furnishing statements to tiered partners and their partners
27 as established by section 6226 of the Internal Revenue Code
28 and the regulations thereunder, if the indirect partner
29 is a tiered partner and subject to [section 422.13](#), file an
30 amended composite return under [section 422.13](#) if such return
31 was originally filed, and if applicable for withholding from
32 partners, file an amended withholding report under section
33 422.16 if one was originally required to be filed.

34 (4) Within ninety days after the time for filing and
35 furnishing statements to tiered partners and the partners of

1 the tiered partners as established by section 6226 of the
2 Internal Revenue Code and the regulations thereunder, pay any
3 additional amount due under [this title](#), including any penalty
4 and interest that would have been due had the final federal
5 partnership adjustments been reported properly as required.

6 Sec. 24. Section 422.25A, subsection 5, paragraph a, Code
7 2021, is amended to read as follows:

8 a. An audited partnership, or a tiered partner of an audited
9 partnership that receives a notification of a final federal
10 partnership adjustment under [subsection 4](#) of a final federal
11 partnership adjustment arising from a partnership level audit,
12 may make an election to pay as provided under [this subsection](#).

13 Sec. 25. Section 422.25A, subsection 5, paragraph b,
14 unnumbered paragraph 1, Code 2021, is amended to read as
15 follows:

16 An audited partnership or tiered partner ~~makes~~ shall make an
17 election to pay under [this subsection](#) ~~by filing in the manner~~
18 and form prescribed by the department. The audited partnership
19 or tiered partner making an election to pay shall file a
20 completed federal adjustments report, notifying the department
21 in the manner and form prescribed by the department that it is
22 making the election under [this subsection](#), notifying notify
23 each of the direct partners of such partner's distributive
24 share of the adjustments, and ~~paying~~ pay on behalf of its
25 partners an amount calculated in paragraph "c", including any
26 applicable penalty and interest. These requirements shall all
27 be fulfilled within one of the following time periods:

28 Sec. 26. Section 422.25A, subsection 5, paragraph c,
29 subparagraph (6), Code 2021, is amended to read as follows:

30 (6) (a) Total the amounts computed pursuant to
31 subparagraphs (2) through (5) and calculate any interest and
32 penalty as provided under [this title](#). Notwithstanding any
33 provision of law to the contrary, interest and penalties on the
34 amount due by the audited partnership or tiered partner shall
35 be computed from the day after the due date of the reviewed

1 year return without extension, and shall be imposed as if the
2 audited partnership or tiered partner was required to pay tax
3 or show tax due on the original return for the reviewed year.

4 (b) The director may establish rules providing for the
5 calculation of amounts due under this subsection for federal
6 partnership adjustments that affect state tax owed but that do
7 not fit within the calculation in subparagraphs (2) through
8 (5), such as tax credit changes. The director may establish
9 rules that include changes related to state-specific issues
10 following a state partnership audit in the election to pay and
11 calculation of amounts due under this subsection, including
12 but not limited to allocation and apportionment. Interest and
13 penalty shall be computed in the same manner as described in
14 subparagraph division (a).

15 Sec. 27. Section 422.25A, subsection 7, paragraph d, Code
16 2021, is amended to read as follows:

17 d. Nothing in **this section** shall prohibit the department
18 from assessing direct partners and indirect partners for taxes
19 they owe in the event that ~~an audited~~ a partnership or tiered
20 partner fails to timely make any report or payment required by
21 this section for any reason.

22 Sec. 28. Section 422.25A, subsection 8, paragraph a, Code
23 2021, is amended to read as follows:

24 a. The department shall assess additional Iowa income
25 tax, interest, and penalties arising from final federal
26 partnership adjustments in the same manner as provided in
27 this title unless a different treatment is provided by this
28 subsection. Since final federal partnership adjustments are
29 determined at the ~~audited~~ partnership level, any assessment
30 issued to partners shall not be appealable by the partner.
31 The department may assess any taxes, including on-behalf-of
32 amounts, interest, and penalties arising from the final federal
33 partnership adjustments if it issues a notice of assessment to
34 the ~~audited~~ partnership, tiered partner, or other direct or
35 indirect partner on or before the expiration of the applicable

1 limitations period specified in [section 422.25](#).

2 Sec. 29. Section 422.25C, subsection 4, Code 2021, is
3 amended to read as follows:

4 4. If the department, the partnership or pass-through
5 entity, and owners representing a majority of the ownership
6 interests in the partnership or pass-through entity ~~owners~~
7 agree, the provisions of [this section](#) may be applied to tax
8 years beginning before January 1, 2020.

9 Sec. 30. Section 422.35, subsection 26, Code 2021, is
10 amended to read as follows:

11 26. Any ~~income~~ adjustment subtracted from federal taxable
12 income for an adjustment year pursuant to section 6225 of the
13 Internal Revenue Code and the regulations thereunder shall be
14 added back in computing net income of the partnership and the
15 partners for state tax purposes for the adjustment year.

16 Sec. 31. EFFECTIVE DATE. This division of this Act, being
17 deemed of immediate importance, takes effect upon enactment.

18 Sec. 32. RETROACTIVE APPLICABILITY. This division of this
19 Act applies retroactively to July 1, 2020, and applies to
20 federal adjustments and federal partnership adjustments that
21 have a final determination date after July 1, 2020.

22 DIVISION VII

23 VEHICLE REGISTRATION RENEWALS AND COLLECTIONS BY COUNTY
24 TREASURERS — CENTRALIZED COLLECTION UNIT — DEPARTMENT OF
25 REVENUE

26 Sec. 33. Section 321.40, subsection 6, paragraph b, Code
27 2021, is amended to read as follows:

28 ~~b. The A county treasurer of the county of the person's~~
29 ~~residence and in which the person's vehicle is registered,~~
30 in cooperation with the department of revenue, may collect
31 from a person applying for renewal of a vehicle registration
32 delinquent taxes, including penalties and interest owed to
33 ~~the state from a person applying for renewal of a vehicle~~
34 ~~registration,~~ and nontax liabilities being collected by
35 the central collection unit of the department of revenue

1 pursuant to section 421.17, subsection 27. The applicant
2 may remit full payment of the ~~taxes~~ balance owed including
3 applicable penalties and interest, along with a processing
4 fee of five dollars, to the county treasurer at the time of
5 registration renewal. Upon full payment of the required ~~taxes~~
6 balance owed including applicable penalties and interest, the
7 processing fee, and the vehicle registration fee, the county
8 treasurer shall issue the registration to the person. A county
9 treasurer collecting on behalf of the department of revenue
10 shall update the vehicle registration records through the
11 distributed teleprocessing network on a daily basis for all
12 persons who have paid taxes or other balances owed pursuant to
13 this subsection. A county treasurer shall forward all funds
14 collected for the department of revenue to the department of
15 revenue.

16 Sec. 34. Section 421.17, subsection 27, paragraph k, Code
17 2021, is amended to read as follows:

18 k. A Pursuant to section 321.40, subsection 6, and rules
19 adopted pursuant to this paragraph, a county treasurer may
20 collect delinquent taxes, including penalties and interest,
21 ~~administered by the department in conjunction with renewal~~
22 ~~of a vehicle registration as provided in section 321.40,~~
23 ~~subsection 6, paragraph "b", and rules adopted pursuant to~~
24 ~~this paragraph~~ and nontax liabilities being collected by
25 the central collection unit of the department of revenue.
26 County treasurers shall be given access to information
27 ~~required for the collection of delinquent taxes, including~~
28 ~~penalties and interest,~~ as necessary to accomplish the
29 purposes of section 321.40, subsection 6, ~~paragraph "b"~~. The
30 confidentiality provisions of sections 422.20 and 422.72 do not
31 apply to information provided by the department to a county
32 treasurer pursuant to this paragraph. A county treasurer
33 collecting taxes, penalties, and interest administered by
34 the department is subject to the requirements and penalties
35 of the confidentiality laws of this state regarding tax or

1 indebtedness information. The director shall adopt rules to
2 implement the ~~collection of tax debt as~~ collections authorized
3 in section 321.40 and this paragraph.

4 DIVISION VIII

5 GARNISHMENT

6 Sec. 35. Section 626.31, Code 2021, is amended to read as
7 follows:

8 **626.31 Return of garnishment — action docketed — distress**
9 **action.**

10 Where parties have been garnished under a distress
11 warrant issued by the director of revenue or the director of
12 inspections and appeals, the officer shall make return thereof
13 to the court in the county where the garnishee lives, if the
14 garnishee lives in Iowa, otherwise in the county where the
15 taxpayer resides, if the taxpayer lives in Iowa; and if neither
16 the garnishee nor the taxpayer lives in Iowa, then to the
17 district court in Polk county, Iowa; the officer shall make
18 return in the same manner as a return is made on a garnishment
19 made under a writ of execution so far as they relate to
20 garnishments, and the clerk of the district court shall docket
21 an action thereon without fee the same as if a judgment had
22 been recovered against the taxpayer in the county where the
23 return is made, an execution issued thereon, and garnishment
24 made thereunder, and thereafter the proceedings shall conform
25 to proceedings in garnishment under attachments as nearly as
26 may be. The warrant shall be considered in all respects as a
27 final judgment.

28 DIVISION IX

29 SNOWMOBILES, ALL-TERRAIN VEHICLES, AND VESSELS — PURCHASES —
30 PAYMENT OF SALES OR USE TAX

31 Sec. 36. Section 321G.4, subsection 2, paragraph b, Code
32 2021, is amended to read as follows:

33 *b.* If the owner of the snowmobile is unable to present
34 satisfactory evidence that the sales or use tax has been paid,
35 the county recorder shall collect the tax. On or before the

1 tenth day of each month, the county recorder shall remit to
2 the department of revenue the amount of the taxes collected
3 during the preceding month, ~~together with an itemized statement~~
4 ~~on forms furnished by the department of revenue showing the~~
5 ~~name of each taxpayer, the make and purchase price of each~~
6 ~~snowmobile, the amount of tax paid, and such other information~~
7 ~~as the department of revenue requires~~ in a manner prescribed
8 by the department.

9 Sec. 37. Section 321I.4, subsection 2, paragraph b, Code
10 2021, is amended to read as follows:

11 b. If the owner of the all-terrain vehicle is unable to
12 present satisfactory evidence that the sales or use tax has
13 been paid, the county recorder shall collect the tax. On or
14 before the tenth day of each month, the county recorder shall
15 remit to the department of revenue the amount of the taxes
16 collected during the preceding month, ~~together with an itemized~~
17 ~~statement on forms furnished by the department of revenue~~
18 ~~showing the name of each taxpayer, the make and purchase price~~
19 ~~of each all-terrain vehicle, the amount of tax paid, and such~~
20 ~~other information as the department of revenue requires~~ in a
21 manner prescribed by the department.

22 Sec. 38. Section 462A.55, Code 2021, is amended to read as
23 follows:

24 **462A.55 Sales or use tax to be paid before registration.**

25 No vessel shall be registered by the county recorder until
26 there has been presented to the recorder receipts, bills of
27 sale, or other satisfactory evidence that the sales or use tax
28 has been paid for the purchase of the vessel. If the owner
29 of the vessel is unable to present satisfactory evidence that
30 the sales or use tax has been paid, the county recorder shall
31 collect the tax. On or before the tenth day of each month, the
32 county recorder shall remit to the department of revenue the
33 amount of the taxes so collected during the preceding month,
34 ~~together with an itemized statement on forms furnished by the~~
35 ~~department of revenue showing the name of each taxpayer, the~~

1 ~~make and purchase price of each vessel and motor, the amount~~
2 ~~of tax paid, and such other information as the department of~~
3 ~~revenue shall require~~ in a manner prescribed by the department.

4 DIVISION X

5 TANGIBLE PERSONAL PROPERTY — RENTALS — SALES AND USE TAX

6 Sec. 39. Section 9C.1, subsection 1, Code 2021, is amended
7 to read as follows:

8 1. As used in this chapter, the term "*transient merchant*"
9 shall mean and include every merchant, whether an individual
10 person, a firm, corporation, partnership, or association, and
11 whether owner, agent, bailee, consignee, or employee, who shall
12 bring or cause to be brought within the state of Iowa any
13 ~~goods, wares, or merchandise~~ tangible personal property of any
14 kind, nature, or description, with the intention of temporarily
15 or intermittently selling or offering to sell at retail such
16 ~~goods, wares, or merchandise~~ tangible personal property within
17 the state of Iowa. The term "*transient merchant*" shall also
18 mean and include every merchant, whether an individual person,
19 a firm, corporation, partnership, or an association, who shall
20 by itself, or by agent, consignee, or employee, temporarily or
21 intermittently engage in or conduct at one or more locations a
22 business within the state of Iowa for the sale at retail of any
23 ~~goods, wares, or merchandise~~ tangible personal property of any
24 nature or description.

25 Sec. 40. Section 9C.2, Code 2021, is amended to read as
26 follows:

27 **9C.2 License required.**

28 It shall be unlawful for any transient merchant to sell,
29 dispose of, or offer for sale any ~~goods, wares or merchandise~~
30 tangible personal property of any kind, nature or description,
31 at any time or place within the state of Iowa, outside the
32 limits of any city in the state of Iowa, or within the limits
33 of any city in the state of Iowa that has not by ordinance
34 provided for the licensing of transient merchants, unless such
35 transient merchant has a valid license as provided in this

1 chapter and has complied with the regulations set forth in this
2 chapter.

3 Sec. 41. Section 9C.3, unnumbered paragraph 1, Code 2021,
4 is amended to read as follows:

5 Any transient merchant desiring a transient merchant's
6 license shall at least ten days prior to the first day any sale
7 is made, file with the secretary of state of the state of Iowa
8 an application in writing duly verified by the person, firm,
9 corporation, partnership, or association proposing to sell
10 or offer to sell at retail any ~~goods, wares, or merchandise~~
11 tangible personal property, or to engage in or conduct a
12 temporary or intermittent business for the sale at retail of
13 any ~~goods, wares, or merchandise~~ tangible personal property.
14 The application shall state the following facts:

15 Sec. 42. Section 9C.3, subsections 2, 5, 6, and 7, Code
16 2021, are amended to read as follows:

17 2. If the application be made by an agent, bailee,
18 consignee, or employee, the application shall so state and set
19 out the name and address of such agent, bailee, consignee, or
20 employee and shall also set out the name and address of the
21 owner of the ~~goods, wares, and merchandise~~ tangible personal
22 property to be sold or offered for sale.

23 5. The value of the ~~goods~~ tangible personal property to be
24 sold or offered for sale or the average inventory to be carried
25 by any such transient merchant engaging in or conducting an
26 intermittent or temporary business as the case may be.

27 6. The date or dates upon which said ~~goods, wares, or~~
28 ~~merchandise~~ tangible personal property shall be sold or offered
29 for sale, or the date or dates upon which it is the intention
30 of the applicant to engage in or conduct a temporary or
31 intermittent business.

32 7. The location and address where such ~~goods, wares, or~~
33 ~~merchandise~~ tangible personal property shall be sold or offered
34 for sale, or such business engaged in or conducted.

35 Sec. 43. Section 9C.4, subsection 1, Code 2021, is amended

1 to read as follows:

2 1. At the time and as part of filing the application, the
3 applicant shall file with the secretary of state a bond, with
4 sureties to be approved by the secretary of state, in a penal
5 sum two times the value of the ~~goods, wares or merchandise~~
6 tangible personal property to be sold or offered for sale or
7 the average inventory to be carried by such transient merchant
8 engaged in or conducting an intermittent or temporary business
9 as the case may be as shown by the application, running to the
10 state of Iowa, for the use and benefit of any purchaser of any
11 ~~merchandise~~ tangible personal property from such transient
12 merchant who might have a cause of action of any nature arising
13 from or out of such sale against the applicant or the owner of
14 such ~~merchandise~~ property if other than the applicant. The
15 bond shall be conditioned on the payment by the applicant of
16 all taxes that may be payable by, or due from, the applicant
17 to the state of Iowa or any subdivision thereof, and shall
18 be further conditioned for the payment of any fines that may
19 be assessed by any court against the applicant for violation
20 of the provision of [this chapter](#), as well as for the payment
21 and satisfaction of any and all causes of action against the
22 applicant commenced within one year from the date of sale
23 thereof, and arising from such sale. However, the aggregate
24 liability of the surety for all such taxes, fines, and causes
25 of action shall in no event exceed the principal sum of such
26 bond.

27 Sec. 44. Section 9C.6, Code 2021, is amended to read as
28 follows:

29 **9C.6 License fee.**

30 Prior to issuing the said transient merchant's license,
31 the secretary of state shall collect for the state of Iowa a
32 license fee in the sum of twenty-five dollars for each day the
33 applicant, as shown by the application, shall propose to sell
34 or offer for sale any ~~goods, wares or merchandise~~ tangible
35 personal property, or for each day the applicant, as shown by

1 the application, proposes to engage in and conduct a business
2 as a transient merchant as the case may be.

3 Sec. 45. Section 9C.7, Code 2021, is amended to read as
4 follows:

5 **9C.7 Misrepresentation.**

6 It shall be unlawful for any transient merchant making sales
7 or engaging in or conducting a business under a transient
8 merchant's license to make any false or misleading statements
9 or representation regarding any article sold or offered for
10 sale by such transient merchant as to condition, quality,
11 original cost, or cost to such transient merchant of any
12 article sold or offered for sale or to sell or offer for
13 sale ~~goods, wares or merchandise~~ tangible personal property
14 of a value in excess of the value thereof as shown by said
15 application, or to sell or offer for sale at retail any ~~goods,~~
16 ~~wares or merchandise~~ tangible personal property, or to engage
17 in or conduct an intermittent or temporary business on any days
18 or at any place other than those shown by such license.

19 Sec. 46. Section 15.331A, subsection 1, Code 2021, is
20 amended to read as follows:

21 1. The eligible business shall be entitled to a refund
22 of the sales and use taxes paid under [chapter 423](#) for gas,
23 electricity, water, or sewer utility services, ~~goods, wares,~~
24 ~~or merchandise~~ tangible personal property, or on services
25 rendered, furnished, or performed to or for a contractor or
26 subcontractor and used in the fulfillment of a written contract
27 relating to the construction or equipping of a facility that is
28 part of a project of the eligible business. Taxes attributable
29 to intangible property and furniture and furnishings shall not
30 be refunded. However, an eligible business shall be entitled
31 to a refund for taxes attributable to racks, shelving, and
32 conveyor equipment to be used in a warehouse or distribution
33 center subject to [section 15.331C](#).

34 Sec. 47. Section 15.331A, subsection 2, paragraphs a and b,
35 Code 2021, are amended to read as follows:

1 a. The contractor or subcontractor shall state under
2 oath, on forms provided by the department of revenue, the
3 amount of the sales of ~~goods, wares, or merchandise~~ tangible
4 personal property or services rendered, furnished, or performed
5 including water, sewer, gas, and electric utility services
6 upon which sales or use tax has been paid prior to the project
7 completion, and shall file the forms with the eligible business
8 before final settlement is made.

9 b. The eligible business shall, not more than one year
10 after project completion, make application to the department
11 of revenue for any refund of the amount of the sales and use
12 taxes paid pursuant to [chapter 423](#) upon any ~~goods, wares, or~~
13 ~~merchandise~~ tangible personal property, or services rendered,
14 furnished, or performed, including water, sewer, gas, and
15 electric utility services. The application shall be made in
16 the manner and upon forms to be provided by the department of
17 revenue, and the department of revenue shall audit the claim
18 and, if approved, issue a warrant to the eligible business in
19 the amount of the sales or use tax which has been paid to the
20 state of Iowa under a contract. A claim filed by the eligible
21 business in accordance with [this section](#) shall not be denied
22 by reason of a limitation provision set forth in [chapter 421](#)
23 or [423](#).

24 Sec. 48. Section 15.331C, Code 2021, is amended to read as
25 follows:

26 **15.331C Corporate tax credit for certain sales taxes paid by**
27 **third-party developer.**

28 1. An eligible business may claim a corporate tax credit
29 in an amount equal to the sales and use taxes paid by a
30 third-party developer under [chapter 423](#) for gas, electricity,
31 water, or sewer utility services, ~~goods, wares, or merchandise~~
32 tangible personal property, or on services rendered, furnished,
33 or performed to or for a contractor or subcontractor and
34 used in the fulfillment of a written contract relating to
35 the construction or equipping of a facility of the eligible

1 business. Taxes attributable to intangible property and
2 furniture and furnishings shall not be included, but taxes
3 attributable to racks, shelving, and conveyor equipment to be
4 used in a warehouse or distribution center shall be included.
5 Any credit in excess of the tax liability for the tax year
6 may be credited to the tax liability for the following seven
7 years or until depleted, whichever occurs earlier. An eligible
8 business may elect to receive a refund of all or a portion of an
9 unused tax credit.

10 2. A third-party developer shall state under oath, on forms
11 provided by the department of revenue, the amount of taxes paid
12 as described in subsection 1 and shall submit such forms to
13 the department of revenue. The taxes paid shall be itemized
14 to allow identification of the taxes attributable to racks,
15 shelving, and conveyor equipment to be used in a warehouse
16 or distribution center. After receiving the form from the
17 third-party developer, the department of revenue shall issue
18 a tax credit certificate to the eligible business equal to
19 the sales and use taxes paid by a third-party developer under
20 chapter 423 for gas, electricity, water, or sewer utility
21 services, ~~goods, wares, or merchandise~~ tangible personal
22 property, or on services rendered, furnished, or performed
23 to or for a contractor or subcontractor and used in the
24 fulfillment of a written contract relating to the construction
25 or equipping of a facility. The department of revenue
26 shall also issue a tax credit certificate to the eligible
27 business equal to the taxes paid and attributable to racks,
28 shelving, and conveyor equipment to be used in a warehouse
29 or distribution center. The aggregate combined total amount
30 of tax refunds under section 15.331A for taxes attributable
31 to racks, shelving, and conveyor equipment to be used in a
32 warehouse or distribution center and of tax credit certificates
33 issued by the department of revenue for the taxes paid and
34 attributable to racks, shelving, and conveyor equipment
35 to be used in a warehouse or distribution center shall not

1 exceed five hundred thousand dollars in a fiscal year. If
2 an applicant for a tax credit certificate does not receive
3 a certificate for the taxes paid and attributable to racks,
4 shelving, and conveyor equipment to be used in a warehouse
5 or distribution center, the application shall be considered
6 in succeeding fiscal years. The eligible business shall not
7 claim a tax credit under **this section** unless a tax credit
8 certificate issued by the department of revenue is included
9 with the taxpayer's tax return for the tax year for which the
10 tax credit is claimed. A tax credit certificate shall contain
11 the eligible business's name, address, tax identification
12 number, the amount of the tax credit, and other information
13 deemed necessary by the department of revenue.

14 Sec. 49. Section 321.105A, subsection 3, paragraph f,
15 subparagraph (1), Code 2021, is amended to read as follows:

16 (1) Vehicles leased to entities listed in section 423.3,
17 subsections 17, 18, 19, 20, 21, 22, 26, 27, 28, 31, and 79, to
18 the extent that those entities are exempt from the tax imposed
19 on the sale of tangible personal property, ~~consisting of goods,~~
20 ~~wares, or merchandise,~~ sold at retail in the state to consumers
21 or users.

22 Sec. 50. Section 423.1, subsection 21, Code 2021, is amended
23 by striking the subsection.

24 Sec. 51. Section 423.1, subsection 50, Code 2021, is amended
25 to read as follows:

26 50. a. "Sales" or "sale" means any transfer, exchange, or
27 barter, conditional or otherwise, in any manner or by any means
28 whatsoever, for consideration, including but not limited to any
29 such transfer, exchange, or barter on a subscription basis.

30 b. "Sales" or "sale" includes a rental.

31 Sec. 52. Section 423.2, subsection 1, unnumbered paragraph
32 1, Code 2021, is amended to read as follows:

33 There is imposed a tax of six percent upon the sales price of
34 all sales of tangible personal property, ~~consisting of goods,~~
35 ~~wares, or merchandise,~~ sold at retail in the state to consumers

1 or users except as otherwise provided in [this subchapter](#).

2 Sec. 53. Section 423.3, subsections 13, 46, 47A, 75, and 76,
3 Code 2021, are amended to read as follows:

4 13. The sales price from the sale ~~or rental~~ of irrigation
5 equipment, whether installed above or below ground, to a
6 contractor or farmer if the equipment will be primarily used in
7 agricultural operations.

8 46. The sales price from sales ~~or rentals~~ to a printer or
9 publisher of the following: acetate; anti-halation backing;
10 antistatic spray; back lining; base material used as a carrier
11 for light sensitive emulsions; blankets; blow-ups; bronze
12 powder; carbon tissue; codas; color filters; color separations;
13 contacts; continuous tone separations; creative art; custom
14 dies and die cutting materials; dampener sleeves; dampening
15 solution; design and styling; diazo coating; dot etching; dot
16 etching solutions; drawings; drawsheets; driers; duplicate
17 films or prints; electronically digitized images; electrotypes;
18 end product of image modulation; engravings; etch solutions;
19 film; finished art or final art; fix; fixative spray; flats;
20 flying pasters; foils; goldenrod paper; gum; halftones;
21 illustrations; ink; ink paste; keylines; lacquer; lasering
22 images; layouts; lettering; line negatives and positives;
23 linotypes; lithographic offset plates; magnesium and zinc
24 etchings; masking paper; masks; masters; mats; mat service;
25 metal toner; models and modeling; mylar; negatives; nonoffset
26 spray; opaque film process paper; opaquing; padding compound;
27 paper stock; photographic materials: acids, plastic film,
28 desensitizer emulsion, exposure chemicals, fix, developers,
29 and paper; photography, day rate; photopolymer coating;
30 photographs; photostats; photo-display tape; phototypesetter
31 materials; pH-indicator sticks; positives; press pack; printing
32 cylinders; printing plates, all types; process lettering;
33 proof paper; proofs and proof processes, all types; pumice
34 powder; purchased author alterations; purchased composition;
35 purchased phototypesetting; purchased stripping and pasteups;

1 red litho tape; reducers; roller covering; screen tints;
2 sketches; stepped plates; stereotypes; strip types; substrate;
3 tints; tissue overlays; toners; transparencies; tympan;
4 typesetting; typography; varnishes; veloxes; wood mounts; and
5 any other items used in a like capacity to any of the above
6 enumerated items by the printer or publisher to complete a
7 finished product for sale at retail. Expendable tools and
8 supplies which are not enumerated in [this subsection](#) are
9 excluded from the exemption. "*Printer*" means that portion of a
10 person's business engaged in printing that completes a finished
11 product for ultimate sale at retail or means that portion of a
12 person's business used to complete a finished printed packaging
13 material used to package a product for ultimate sale at retail.
14 "*Printer*" does not mean an in-house printer who prints or
15 copyrights its own materials.

16 47A. The sales price from the sale ~~or rental~~ of central
17 office equipment or transmission equipment primarily used
18 by local exchange carriers and competitive local exchange
19 service providers as defined in [section 476.96](#), Code 2017;
20 by franchised cable television operators, mutual companies,
21 municipal utilities, cooperatives, and companies furnishing
22 communications services that are not subject to rate regulation
23 as provided in [chapter 476](#); by long distance companies as
24 defined in [section 477.10](#); or for a commercial mobile radio
25 service as defined in [47 C.F.R. §20.3](#) in the furnishing of
26 telecommunications services on a commercial basis. For the
27 purposes of [this subsection](#), "*central office equipment*" means
28 equipment utilized in the initiating, processing, amplifying,
29 switching, or monitoring of telecommunications services.
30 "*Transmission equipment*" means equipment utilized in the process
31 of sending information from one location to another location.
32 "*Central office equipment*" and "*transmission equipment*" also
33 include ancillary equipment and apparatus which support,
34 regulate, control, repair, test, or enable such equipment to
35 accomplish its function.

1 75. The sales price from the sale ~~or rental~~ of aircraft;
2 the sale ~~or rental~~ of tangible personal property permanently
3 affixed or attached as a component part of the aircraft,
4 including but not limited to repair or replacement materials
5 or parts; and the sales price of all services used for
6 aircraft repair, remodeling, and maintenance services when
7 such services are performed on aircraft, aircraft engines, or
8 aircraft component materials or parts. For the purposes of
9 this exemption, "*aircraft*" means aircraft used in a scheduled
10 interstate federal aviation administration certificated air
11 carrier operation.

12 76. The sales price from the sale ~~or rental~~ of tangible
13 personal property permanently affixed or attached as a
14 component part of the aircraft, including but not limited
15 to repair or replacement materials or parts; and the sales
16 price of all services used for aircraft repair, remodeling,
17 and maintenance services when such services are performed on
18 aircraft, aircraft engines, or aircraft component materials or
19 parts. For the purposes of this exemption, "*aircraft*" means
20 aircraft used in nonscheduled interstate federal aviation
21 administration certificated air carrier operation operating
22 under [14 C.F.R. ch. 1, pt. 135](#).

23 Sec. 54. Section 423.3, subsection 47, paragraph a,
24 unnumbered paragraph 1, Code 2021, is amended to read as
25 follows:

26 The sales price from the sale ~~or rental~~ of computers,
27 computer peripherals, machinery, equipment, replacement parts,
28 supplies, and materials used to construct or self-construct
29 computers, computer peripherals, machinery, equipment,
30 replacement parts, and supplies, if such items are any of the
31 following:

32 Sec. 55. Section 423.3, subsection 47, paragraph c,
33 unnumbered paragraph 1, Code 2021, is amended to read as
34 follows:

35 The sales price from the sale ~~or rental~~ of the following

1 shall not be exempt from the tax imposed by [this subchapter](#):

2 Sec. 56. Section 423.3, subsection 60, unnumbered paragraph
3 1, Code 2021, is amended to read as follows:

4 The sales price from the sale ~~or rental~~ of prescription
5 drugs, durable medical equipment, mobility enhancing equipment,
6 prosthetic devices, and other medical devices intended for
7 human use or consumption. For the purposes of [this subsection](#):

8 Sec. 57. Section 423.3, subsection 78, paragraphs a and c,
9 Code 2021, are amended to read as follows:

10 a. The sales price from the sale of tangible personal
11 property, specified digital products, or services rendered by
12 any entity where the profits from the sale of the tangible
13 personal property, specified digital products, or services
14 rendered, are used by or donated to a nonprofit entity that
15 is exempt from federal income taxation pursuant to section
16 501(c)(3) of the Internal Revenue Code, a government entity,
17 or a nonprofit private educational institution, and where the
18 entire ~~proceeds from the sale or services~~ profits are expended
19 for any of the following purposes:

20 (1) Educational.

21 (2) Religious.

22 (3) Charitable. A charitable act is an act done out of
23 goodwill, benevolence, and a desire to add to or to improve
24 the good of humankind in general or any class or portion of
25 humankind, with no pecuniary profit inuring to the person
26 performing the service or giving the gift.

27 c. Except as otherwise provided in [subsection 97](#), this
28 exemption does not apply to the sales price from games of
29 skill, games of chance, raffles, and bingo games as defined
30 in [chapter 99B](#). This exemption is disallowed on the amount
31 of the sales price only to the extent the profits ~~from the~~
32 ~~sales, rental, or services~~ are not used by or donated to the
33 appropriate entity and expended for educational, religious, or
34 charitable purposes.

35 Sec. 58. Section 423.3, subsection 82, paragraph a, Code

1 2021, is amended to read as follows:

2 a. The sales price from the sale ~~or rental~~ of core-making,
3 mold-making, and sand-handling machinery and equipment,
4 including replacement parts, directly and primarily used in the
5 mold-making process by a foundry.

6 Sec. 59. Section 423.3, subsection 88, Code 2021, is amended
7 to read as follows:

8 88. The sales price from the sale of building materials,
9 supplies, ~~goods, wares, or merchandise~~ tangible personal
10 property sold to a nonprofit Iowa affiliate of a nonprofit
11 international organization whose primary activity is the
12 promotion of the construction, remodeling, or rehabilitation
13 of one-family or two-family dwellings for use by low-income
14 families and where the building materials, supplies, ~~goods,~~
15 ~~wares, or merchandise~~ or tangible personal property are used
16 in the construction, remodeling, or rehabilitation of such
17 dwellings.

18 Sec. 60. Section 423.3, subsection 89, paragraphs a and b,
19 Code 2021, are amended to read as follows:

20 a. The sales price of all ~~goods, wares, or merchandise~~
21 tangible personal property sold, or of services furnished,
22 which are used in the fulfillment of a written construction
23 contract for the original construction of a building or
24 structure to be used as a collaborative educational facility.

25 b. The sales price of all ~~goods, wares, or merchandise~~
26 tangible personal property sold, or of services furnished,
27 which are used in the fulfillment of a written construction
28 contract for the construction of additions or modifications
29 to a building or structure used as part of a collaborative
30 educational facility.

31 Sec. 61. Section 423.3, subsection 92, paragraph a,
32 subparagraph (1), Code 2021, is amended to read as follows:

33 (1) The sales price from the sale ~~or rental~~ of computers
34 and equipment that are necessary for the maintenance and
35 operation of a web search portal and property whether directly

1 or indirectly connected to the computers, including but
2 not limited to cooling systems, cooling towers, and other
3 temperature control infrastructure; power infrastructure for
4 transformation, distribution, or management of electricity used
5 for the maintenance and operation of the web search portal,
6 including but not limited to exterior dedicated business-owned
7 substations, backup power generation systems, battery systems,
8 and related infrastructure; and racking systems, cabling, and
9 trays, which are necessary for the maintenance and operation of
10 the web search portal.

11 Sec. 62. Section 423.3, subsection 92, paragraph b,
12 subparagraph (1), Code 2021, is amended to read as follows:

13 (1) The business of the purchaser ~~or renter~~ shall be as a
14 provider of a web search portal.

15 Sec. 63. Section 423.3, subsection 92, paragraph d, Code
16 2021, is amended to read as follows:

17 d. Failure to meet eighty percent of the minimum investment
18 amount requirement specified in paragraph "b" within the first
19 six years of operation from the date the web search portal
20 business initiates site preparation activities will result in
21 the web search portal business losing the right to claim this
22 exemption and the web search portal business shall pay all
23 sales or use tax that would have been due on the purchase ~~or~~
24 ~~rental~~ or use of the items listed in this exemption, plus any
25 applicable penalty and interest imposed by statute.

26 Sec. 64. Section 423.3, subsection 93, paragraph a,
27 subparagraph (1), Code 2021, is amended to read as follows:

28 (1) The sales price from the sale ~~or rental~~ of computers
29 and equipment that are necessary for the maintenance and
30 operation of a web search portal business and property whether
31 directly or indirectly connected to the computers, including
32 but not limited to cooling systems, cooling towers, and other
33 temperature control infrastructure; power infrastructure for
34 transformation, distribution, or management of electricity used
35 for the maintenance and operation of the web search portal

1 business, including but not limited to exterior dedicated
2 business-owned substations, backup power generation systems,
3 battery systems, and related infrastructure; and racking
4 systems, cabling, and trays, which are necessary for the
5 maintenance and operation of the web search portal business.

6 Sec. 65. Section 423.3, subsection 93, paragraph b,
7 subparagraph (1), Code 2021, is amended to read as follows:

8 (1) The purchaser ~~or-renter~~ shall be a web search portal
9 business.

10 Sec. 66. Section 423.3, subsection 93, paragraph d, Code
11 2021, is amended to read as follows:

12 d. Failure to meet eighty percent of the minimum investment
13 amount requirement specified in paragraph "b" within the first
14 six years of operation from the date the web search portal
15 business initiates site preparation activities will result in
16 the web search portal business losing the right to claim this
17 web search portal business exemption and the web search portal
18 business shall pay all sales or use tax that would have been
19 due on the purchase ~~or-rental~~ or use of the items listed in this
20 exemption, plus any applicable penalty and interest imposed by
21 statute.

22 Sec. 67. Section 423.3, subsection 95, paragraph a,
23 subparagraph (1), Code 2021, is amended to read as follows:

24 (1) The sales price from the sale ~~or-rental~~ of computers
25 and equipment that are necessary for the maintenance and
26 operation of a data center business and property whether
27 directly or indirectly connected to the computers, including
28 but not limited to cooling systems, cooling towers, and other
29 temperature control infrastructure; power infrastructure for
30 transformation, distribution, or management of electricity used
31 for the maintenance and operation of the data center business,
32 including but not limited to exterior dedicated business-owned
33 substations, backup power generation systems, battery systems,
34 and related infrastructure; and racking systems, cabling, and
35 trays, which are necessary for the maintenance and operation of

1 the data center business.

2 Sec. 68. Section 423.3, subsection 95, paragraph b,
3 subparagraph (1), Code 2021, is amended to read as follows:

4 (1) The purchaser ~~or renter~~ shall be a data center business.

5 Sec. 69. Section 423.3, subsection 95, paragraph d, Code
6 2021, is amended to read as follows:

7 d. Failure to meet eighty percent of the minimum investment
8 amount requirement specified in paragraph "b" within the first
9 six years of operation from the date the data center business
10 initiates site preparation activities will result in the data
11 center business losing the right to claim this data center
12 business exemption and the data center business shall pay all
13 sales or use tax that would have been due on the purchase ~~or~~
14 ~~rental~~ or use of the items listed in this exemption, plus any
15 applicable penalty and interest imposed by statute.

16 Sec. 70. Section 423.4, subsection 1, paragraph b,
17 subparagraph (3), Code 2021, is amended to read as follows:

18 (3) The building materials, supplies, equipment, or
19 services furnished are not used in the performance of any
20 contract in connection with the operation of any municipal
21 utility engaged in selling gas, electricity, or heat to
22 the general public or in connection with the operation of
23 a municipal pay television system; and are not used in the
24 performance of a contract for a "~~project~~" "project" under
25 chapter 419 as defined in that chapter other than ~~goods, wares,~~
26 ~~or merchandise~~ building materials, supplies, or equipment used
27 in the performance of a contract for a "~~project~~" "project"
28 under [chapter 419](#) for which a bond issue was approved by
29 a municipality prior to July 1, 1968, or for which the
30 ~~goods, wares, or merchandise~~ building materials, supplies,
31 or equipment becomes an integral part of the project under
32 contract and at the completion of the project becomes public
33 property or is devoted to educational uses.

34 Sec. 71. Section 423.4, subsection 1, paragraph c, Code
35 2021, is amended to read as follows:

1 *c.* A contractor shall state under oath, on forms provided
2 by the department, the amount of such sales of ~~goods, wares,~~
3 ~~or merchandise~~ building materials, supplies, or equipment,
4 or services furnished and used in the performance of such
5 contract, and upon which sales or use tax has been paid,
6 and shall file such forms with the designated exempt entity
7 which has made any written contract for performance by the
8 contractor. The forms shall be filed by the contractor with
9 the designated exempt entity before final settlement is made.

10 Sec. 72. Section 423.31, subsection 4, Code 2021, is amended
11 to read as follows:

12 4. Every retailer at the time of making any return required
13 by this section shall compute and pay to the department the tax
14 due for the preceding period. The tax on sales prices from the
15 sale ~~or rental~~ of tangible personal property under a consumer
16 rental purchase agreement as defined in section 537.3604,
17 subsection 8, is payable in the tax period of receipt.

18 Sec. 73. Section 423B.8, subsection 1, Code 2021, is amended
19 to read as follows:

20 1. Construction contractors may make application to the
21 department for a refund of the additional local sales and
22 services tax paid under this chapter by reason of taxes paid on
23 ~~goods, wares, or merchandise~~ building materials, supplies, or
24 equipment under the following conditions:

25 *a.* The ~~goods, wares, or merchandise~~ building materials,
26 supplies, or equipment are incorporated into an improvement to
27 real estate in fulfillment of a written contract fully executed
28 prior to the date of the imposition of a local sales and
29 services tax under this chapter. The refund shall not apply to
30 equipment transferred in fulfillment of a mixed construction
31 contract.

32 *b.* The contractor has paid to the department or to a
33 retailer the full amount of the state and local tax.

34 *c.* The claim is filed on forms provided by the department
35 and is filed within one year of the date the tax is paid.

1 DIVISION XI

2 INTEREST RATE SET BY DIRECTOR OF REVENUE

3 Sec. 74. Section 421.7, subsection 6, Code 2021, is amended
4 to read as follows:

5 6. In ~~October~~ November of each year the director shall cause
6 an advisory notice to be published in the Iowa administrative
7 bulletin and in a newspaper of general circulation in this
8 state, stating the rate of interest to be in effect on or
9 after January 1 of the following year, as established by this
10 section. The calculation and publication of the rate of
11 interest by the director is exempt from [chapter 17A](#).

12 DIVISION XII

13 DUTIES OF ASSESSORS

14 Sec. 75. Section 441.17, subsection 2, Code 2021, is amended
15 to read as follows:

16 2. Cause to be assessed, in accordance with [section 441.21](#),
17 all the property in the assessor's county or city, except
18 property exempt from taxation, or the assessment of which is
19 otherwise provided for by law. However, an assessor or deputy
20 assessor shall not personally assess a property if the person
21 ~~or a member of the person's immediate family~~ owns the property,
22 has a financial interest in the property, or has a financial
23 interest in the entity that owns the property. The director of
24 revenue shall adopt rules pursuant to [chapter 17A](#) to implement
25 and administer [this subsection](#).

26 DIVISION XIII

27 CONFIDENTIAL INFORMATION — DEPARTMENT OF REVENUE

28 Sec. 76. Section 422.20, subsection 5, paragraph a, Code
29 2021, is amended by adding the following new subparagraph:

30 NEW SUBPARAGRAPH. (7) A return as defined in section 421.6.

31 Sec. 77. Section 422.20, subsection 5, paragraph c, Code
32 2021, is amended to read as follows:

33 c. Notwithstanding paragraph "a", when making final orders,
34 decisions, or opinions available for public inspection, the
35 department may disclose the items in paragraph "a" if the

1 department determines such information is relevant or necessary
2 to the resolution or decision of the appeal or case.

3 Sec. 78. Section 422.72, subsection 8, paragraph a, Code
4 2021, is amended by adding the following new subparagraph:
5 NEW SUBPARAGRAPH. (7) A return as defined in section 421.6.

6 Sec. 79. Section 422.72, subsection 8, paragraph c, Code
7 2021, is amended to read as follows:

8 c. Notwithstanding paragraph "a", when making final orders,
9 decisions, or opinions available for public inspection, the
10 department may disclose the items in paragraph "a" if the
11 department determines such information is relevant or necessary
12 to the resolution or decision of the appeal or case.

13 EXPLANATION

14 The inclusion of this explanation does not constitute agreement with
15 the explanation's substance by the members of the general assembly.

16 This bill relates to state taxation and related laws of
17 the state including the collection of tax, tax credits, the
18 assessment, valuation, and classification of property, fees
19 for registration of vehicles, sales and use tax, and the
20 authority of the director of revenue. The bill is organized
21 into divisions.

22 TAX CREDIT FOR CERTAIN SALES TAXES PAID BY THIRD-PARTY
23 DEVELOPERS. Currently, an eligible business may claim a
24 corporate tax credit in an amount equal to the sales and use
25 taxes paid by a third-party developer under Code chapter 423
26 for the construction or equipping of a facility of an eligible
27 business. An "eligible business" is defined under Code section
28 15.329 and means in part a business making an investment of \$10
29 million or more in a community.

30 The bill allows an individual to claim the tax credit on an
31 individual return for certain sales tax paid by a third-party
32 developer, if a partnership, limited liability company, S
33 corporation, estate, or trust elects to have income taxed
34 directly to the individual.

35 Additionally, the bill changes the name of the corporate

1 tax credit to third-party developer tax credit because the tax
2 credit is now available against the individual income tax.

3 This division takes effect upon enactment and applies
4 retroactively January 1, 2020, for tax years beginning on or
5 after that date.

6 GEOTHERMAL HEAT PUMP INSTALLATION TAX CREDIT. The bill
7 requires an applicant for a geothermal heat pump tax credit
8 to file an application for the credit with the department of
9 revenue for each geothermal heat pump installation. The bill
10 requires the application to be filed by May 1 following the
11 year of installation.

12 This division takes effect upon enactment and applies
13 retroactively to January 1, 2019, for tax years beginning on
14 or after that date.

15 TAXES ON ELECTRICITY PROVIDERS. Under the current
16 replacement tax, the proportional tax revenue from a major
17 addition is allocated to the local jurisdiction where a major
18 addition is located. The bill lowers the threshold for the
19 classification of "major additions" of solar energy conversion
20 property under the replacement tax from \$10 million to \$1
21 million. The modified threshold allows a local jurisdiction
22 to receive tax revenue generated by a solar energy conversion
23 facility for major additions that exceed \$1 million but does
24 not change the amount of tax due on solar energy conversion
25 facilities.

26 FEE FOR NEW REGISTRATION — VEHICLES. The bill makes
27 numerous organizational, technical, and substantive changes to
28 Code section 321.105A.

29 The bill specifies that to be exempt from the fee for
30 new registration, the person listed on the title of a newly
31 acquired vehicle must be the same person listed on the title
32 and registration of the traded vehicle.

33 The bill specifies that in order to be exempt from the fee
34 for new registration, a trade must be between spouses rather
35 than involve spouses.

1 The bill exempts trades between lineal family members from
2 the fee for new vehicle registration. Currently, trades
3 between a grandparent, parent, child, or stepchild are exempt.

4 The bill specifies a sole proprietorship shall not be
5 distinguished from an individual owner for purposes of
6 calculating the new vehicle registration fee when exempting the
7 trade-in value from the purchase price.

8 The bill specifies that the fair market value of a
9 replacement motor vehicle owned by a motor vehicle dealer
10 is exempt from the new vehicle registration fee if certain
11 conditions are met under Code section 321.105A(2)(a)(3).

12 The bill specifies that a vehicle is not subject to the new
13 registration fee if the vehicle is transferred from an entity
14 doing business within the state to another entity in the state
15 and all of the following apply: the receiving entity was
16 formed by the transferring entity within the previous 24 months
17 for the purpose of continuing the business and all ownership
18 remains the same, except in the case of a sole proprietorship,
19 the spouse of the sole proprietor may stand in place of the
20 sole proprietor.

21 The bill provides that a vehicle subject to registration in
22 this state is exempt from the fee for new vehicle registration
23 to the extent the equivalent sales or excise tax of another
24 country has been paid to that country. Currently, a vehicle
25 subject to registration is exempt from the fee for new vehicle
26 registration to the extent state sales, use, or occupational
27 tax has been paid to another state.

28 The bill provides that a vehicle subject to registration in
29 this state which is owned by a person in another country is
30 exempt from the fee for new vehicle registration provided the
31 vehicle was purchased for use in the country from which the
32 owner moved, and was not purchased for use in Iowa. Currently,
33 a vehicle subject to registration is exempt from the fee for
34 new vehicle registration if the vehicle is owned by a person
35 in another state provided the vehicle was purchased for use in

1 the state from which the owner moved, and was not purchased for
2 use in Iowa.

3 The bill specifies that a vehicle purchased by a licensed
4 wholesaler of new motor vehicles under Code section 322.27A for
5 resale by the same wholesaler is exempt from the fee for new
6 registration.

7 The bill provides that a vehicle transferred from one
8 individual to another individual as a gift is exempt from the
9 fee for new vehicle registration.

10 The bill provides that a vehicle subject to registration
11 is subject to the fee for new registration if the vehicle is
12 leased for at least six months. Currently, a vehicle with
13 a gross weight rating of less than 16,000 pounds which is
14 leased for at least 12 months is subject to the fee for new
15 registration.

16 The bill specifies if a lease is voided prior to the
17 termination date contained in the lease agreement, no refund
18 is permitted for the fee for new registration previously paid,
19 except under certain circumstances. Currently, no refund of
20 such a fee is permitted if the lease is terminated prior to the
21 termination date except under certain circumstances.

22 The bill creates a new penalty for persons who fail to file
23 an application for certificate of title or registration on or
24 before the due date in the amount of 10 percent of the fee for
25 new registration due.

26 The bill creates a new penalty for persons who file an
27 application for certificate of title or registration with
28 inaccurate information that results in the person paying less
29 than the full amount of the fee for new registration. The
30 penalty equals 5 percent of the fee for new registration due.

31 PENALTIES — IMPUTED IOWA LIABILITY. Currently, in
32 determining the amount of penalty to assess under Code section
33 421.27, the department of revenue assesses a percentage of the
34 imputed Iowa liability of a business who fails to file a return
35 or deposit form. The bill adjusts the formula to calculate

1 "imputed Iowa liability" by allowing the taxpayer to include
2 any tax credits available to the taxpayer prior to calculating
3 the penalty amount when using "imputed Iowa liability".

4 PARTNERSHIP AND PASS-THROUGH ENTITY AUDITS AND REPORTING.
5 The bill makes numerous technical changes to partnership and
6 pass-through entity audits and reporting requirements enacted
7 in 2020 Iowa Acts, chapter 1118.

8 The bill allows the director of revenue to establish rules
9 for the calculation of amounts due for federal partnership
10 adjustments that affect state tax owed that do not fit within
11 the calculations provided by Code section 422.5A(5)(c).

12 The bill also allows the director of revenue to establish
13 rules that include state-specific issues following a state
14 partnership audit in the election to pay and calculation of
15 amounts due.

16 Currently, if the department of revenue, the partnership
17 or pass-through entity, and the partnership or pass-through
18 entity owners agree, the provisions of Code section 422.25C
19 may be applied to tax years beginning before January 1, 2020.
20 The bill allows the department of revenue, the partnership or
21 pass-through entity, and owners representing a majority of the
22 ownership interests in the partnership or pass-through entity
23 to enter into an agreement to allow the provisions of Code
24 section 422.25C to apply to tax years beginning before January
25 1, 2020.

26 This division takes effect upon enactment and applies
27 retroactively to July 1, 2020, and applies to federal
28 adjustments and federal partnership adjustments that have a
29 final determination date after July 1, 2020.

30 COUNTY TREASURER — CENTRALIZED COLLECTION UNIT OF THE
31 DEPARTMENT OF REVENUE. Currently, a county treasurer may
32 collect delinquent tax revenue owed the state. The bill allows
33 a county treasurer to also collect nontax liabilities being
34 collected by the centralized collection unit of the department
35 of revenue.

1 GARNISHMENT. The bill specifies that a distress warrant
2 issued by the director of revenue or the director of
3 inspections and appeals shall be considered a final judgment.
4 A distress warrant generally directs the sheriff to seize,
5 garnish, or levy upon, and sell, any real or personal property
6 belonging to the taxpayer to satisfy the amount of any
7 delinquency.

8 SNOWMOBILES, ALL-TERRAIN VEHICLES, AND VESSELS — PURCHASES
9 — PAYMENT OF SALES OR USE TAX. Currently, if the owner of
10 a vessel (watercraft), snowmobile, or all-terrain vehicle is
11 unable to present satisfactory evidence that the sales or use
12 tax on the purchase has been paid, the county recorder is
13 required to collect the sales or use tax, and remit the amount
14 of taxes along with an itemized statement by the 10th day of
15 each month showing detailed information about the collection of
16 the tax. The bill strikes the requirement the county recorder
17 prepare and send such an itemized statement to the department
18 of revenue, but does require the county recorder to remit the
19 tax in a manner prescribed by the department.

20 TANGIBLE PERSONAL PROPERTY. 2020 Iowa Acts, chapter 1118,
21 struck numerous instances of the phrase “goods, wares, or
22 merchandise” in order to update the language used in the
23 Code. The bill changes additional instances of the phrase
24 “goods, wares, or merchandise” to “tangible personal property”
25 in Code sections 15.331A (sales and use tax refund), 15.331C
26 (third-party developer tax credit as changed in the bill),
27 and 321.105A (fee for new registration) and Code chapters 9C
28 (transient merchants) and 423 (streamlined sales and use tax).

29 CONSTRUCTION MATERIALS — SALES AND USE TAX. The bill
30 changes other instances of the phrase “goods, wares, or
31 merchandise” to “building materials, supplies, or equipment” in
32 Code sections 423.4(1) (refunds) and 423B.8(1) (construction
33 contractor refunds).

34 NONPROFIT ORGANIZATIONS — SALES AND USE TAX EXEMPTION.
35 Currently, a sales and use tax exemption is allowed on the sale

1 of tangible personal property, specified digital products,
2 or services rendered where the profits from the sale or
3 services rendered are used by or donated to a nonprofit, and
4 the entire proceeds from the sale or services are expended for
5 educational, religious, or charitable purposes.

6 The bill enhances the readability of the sales and use tax
7 exemption by specifying that the sales and use tax exemption
8 applies when the entire profits from the sales or services
9 rendered are used by or donated to a nonprofit, and the entire
10 profits are expended for educational, religious, or charitable
11 purposes.

12 RENTALS — SALES AND USE TAX EXEMPTION. The bill includes
13 the term "rental" in the definition of "sale" or "sales" in
14 Code chapter 423 (streamlined sales and use tax), and strikes
15 the term "rental" when it appears with the phrase "sale or
16 rental" in Code sections 423.3 (exemptions) and 423.31(4)
17 (filing of sales tax returns and payment of sales tax). The
18 change has the effect of making more rental transactions exempt
19 from the sales or use tax in Code section 423.3.

20 INTEREST RATE SET BY DIRECTOR OF REVENUE. Currently, in
21 October of each year the director of revenue sets the rate of
22 interest to be used on interest-bearing obligations arising
23 under certain Code chapters to be in effect on or after January
24 1 of the following year. The bill changes the month the rate is
25 set by the director from October to November.

26 DUTIES OF ASSESSORS. The bill strikes a provision
27 prohibiting an assessor or deputy assessor from personally
28 assessing a property owned by an immediate family member of the
29 assessor or deputy assessor.

30 CONFIDENTIAL INFORMATION — DEPARTMENT OF REVENUE.
31 Currently, the department of revenue redacts certain
32 information from the record in an appeal or contested case
33 pursuant to Code sections 422.20 (individual tax cases) and
34 422.72 (other tax cases). The bill adds a tax return to the
35 list of confidential information to be redacted in an appeal or

1 contested case under Code sections 422.20 and 422.72.

2 The director currently has the authority to disclose
3 confidential information when making final orders, decisions,
4 or opinions available for public inspection, if it is necessary
5 to the resolution or decision of the appeal or case. The bill
6 expands the authority of the director of revenue to disclose
7 confidential information to include when it is relevant or
8 necessary to the resolution or decision of the appeal or case.